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SEPTEMBER

1958

penn's woods

third district banking

business review

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PENN'S WOODS

The 29 million acres that Charles II deeded to William Penn were almost entirely woodland. That's no surprise. Today, Pennsylvania — the great industrial state, the coal and steel state, the third most populated state—is still more than half covered by forests. That is a surprise.

A greater surprise is the fact that Pennsylvania's forests, after more than two centuries of exploitation and neglect, are flourishing again. Each year the growth of new wood is greater than the amount cut for use and lost by disease, fire, and other destroyers.

But the greatest surprise of all is the fact that Penn's woods today are so productive that they are begging for woodworking industries. That is to say, the net annual growth of timber is enough to support more wood-using industries on a continuing basis without damage to our forests.

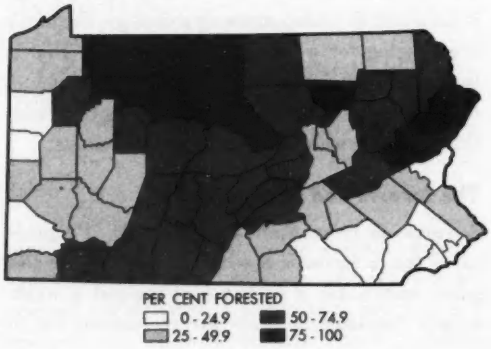
The forests and the trees

A forest is more than a lot of trees. Properly cared for, a forest is a self-renewing lumber and paper warehouse, a protector of the soil, a water supply regulator, a place for recreation, and a

home for game and other wildlife. A forest is a many-splendored source of wealth, a thing of beauty, and an excellent form of land use. Almost anywhere in Pennsylvania it is fun to take a leisurely drive for the sole purpose of exploring unfamiliar byways. Such a tour may lead to the discovery of picturesque valleys, placid waters, or rugged mountains. The chances are better than even that the drive takes you over shaded roads along the edge of a wood or through a forest, because forests cover over 15 million acres or 52 per cent of Pennsylvania's entire land area.

Over half of the counties in Pennsylvania have more than half of their area in forest land. Forest coverage naturally varies from one county to another. Forest cover ranges from as low as 11 per cent to as much as 95 per cent. The map shows where forest land is abundant or scarce. The largest and most thoroughly wooded area is in the Allegheny region in the northwestern part of the state, which contains the Allegheny National Forest. Also heavily wooded, but smaller in area, is the Pocono region in the northeastern part of Pennsylvania. The largest of the sparsely wooded areas, as might be expected, is the heavily populated Philadelphia corner of the state where most of the land is used for industrial, commercial, residential, and agricultural purposes.

PENNSYLVANIA'S FOREST AREAS BY COUNTIES



Penn's woods are hardwoods

The forests of Pennsylvania are predominantly hardwood — the name applied to oaks, maples, hickories, and other broad-leaf trees, in contrast with the needle-like or scale-like leaves characteristic of the softwoods, most of which are evergreens. (The terms should not be taken too literally because some softwoods are harder than hardwoods.) Two major types of forest prevail in Pennsylvania, namely, the so-called northern hardwood, and the oak-hickory.

The northern hardwood belt extends along the counties bordering New York with a county-wide prong running south through Jefferson, Cambria, and Somerset counties. This belt embraces about one-third of the total forest area of the Commonwealth. The principal species found in the northern hardwood forest are beech, birch, cherry, maple, along with occasional softwoods like hemlock and white pine.

The oak-hickory forest is the more common, and covers the remaining two-thirds of the forest area of the state. The oaks are a big family of trees noted for sturdiness, shade, and lumber. Hickories are also a large family of trees that produce tough wood and edible nuts. Occasionally, some softwoods, like pitch pine, white pine, or Virginia pine, are found growing with the hardwoods.

Pennsylvania is fortunate in having a variety of species. The oaks are widely used for flooring, general construction, and furniture. Beech and birch are turned for veneers. In addition to the major types already mentioned there are other species of unusual quality and special use. Among these are maple that makes hardwood flooring

and sweet syrup, white oak used for tight cooperage, and ash widely used in the manufacture of baseball bats, hockey sticks, boat oars, and tool handles. Pennsylvania also grows cherry, a high-priced wood used in the manufacture of furniture and printers' blocks for electroplating. Still scarcer and almost worth its weight in gold is walnut. Walnut is used in the manufacture of gunstocks and high-grade furniture.

Timber in the woods

In appraising our forest resources, consideration should be given not only to the kinds of trees but also to their size and quality. In the language of woodsmen, trees are spoken of as being sawtimber, pole timber, or seedling and sapling. Sawtimber, as the name implies, is the big stuff—big enough to saw into lumber. Technically, sawtimber embraces hardwood trees at least 11 inches in diameter breast high, or softwoods at least 9 inches in diameter. Pole timber means trees under sawtimber size but at least 5 inches in diameter. Seedlings and saplings are the small stuff—all trees under 5 inches in diameter.

ESTIMATED FOREST PRODUCTS OF PENNSYLVANIA, 1955

Product	Amount
Sawlogs	477,884,000 board feet
Veneer logs	6,508,000 board feet
Cooperage stock	2,161,000 board feet
Pulpwood	395,350 cords
Mine timber	156,444 cords
Fuelwood	121,719 cords
Chemical wood	50,550 cords
Fenceposts	45,795 cords

Source: Allen F. Horn, Jr., "Pennsylvania's Forest Potential," Miscellaneous Report No. 4, Pennsylvania Department of Commerce, Harrisburg, Pa., November 1957.

The forest area of Pennsylvania is approximately 27 per cent sawtimber, 47 per cent pole timber, and 26 per cent seedling and sapling. For purposes of sustained growth and development, the ideal situation would be equal areas in each class. Pennsylvania forests, therefore, fall somewhat short of the ideal in that we have a 13 per cent excess area of pole timber, a deficit of 6 per cent in sawtimber, and a shortage of 7 per cent in seedling and sapling. This departure from ideal, however, is not serious.

Of sawtimber, someone has calculated that we have enough to build a boardwalk 2½ miles wide clear across the state from the Delaware River to the Pennsylvania-Ohio line. About 88 per cent of the sawtimber is hardwood, and the predominant type is red oak, whose leaves turn scarlet in the fall. The wood is a widely used lumber. Hemlock, the leading softwood, is the state tree of Pennsylvania. The principal use of this wood is for building construction, and boxes and crates. Hemlock bark makes good tannin for tanning leather.

The annual harvest of Penn's woods

Each year the forests of Pennsylvania yield a prodigious harvest of timber products. For example, in 1955, to take a typical year, our forests produced almost a half-billion board feet of sawtimber and about 775,000 cords of pulpwood and other forest products, as shown in the table.

Most of Pennsylvania's annual timber harvest is in sawlogs, which are converted into lumber, crossties, and other timber products. The crop of sawlogs accounts for half the harvest and if used only for residential construction it would build almost 50,000 two-bedroom frame houses.

Pennsylvania's timber harvest becomes the raw material for several major industries of the state. The one that first comes to mind is the lumber industry, which converts sawlogs into lumber

for use in all kinds of building and construction. The manufacture of household furniture and fine cabinets is another Pennsylvania industry that draws most of its resources from Penn's woods. The furniture industry draws heavily upon the local supplies of birch, cherry, oak, maple, and walnut.

Another important forest-product industry of Pennsylvania is the pulp and paper industry. The country's first paper mill was built in Philadelphia in 1690 by William Rittenhouse, and the sulphite process of making woodpulp was invented in Philadelphia. The reduction of wood into pulp and the conversion of pulp into paper products are leading industrial activities in a score or more Pennsylvania communities. About two-thirds of the pulpwood consumed by Pennsylvania mills is harvested from forests within the state. Pennsylvania is among the leaders in the production of paper and paperboard, with an annual output averaging about 1½ million tons.

Penn's woods are a source of many other forest products—such as fenceposts, mine props, railroad ties, wood boxes, vegetable baskets, maple syrup, charcoal, and Christmas trees. Charcoal, which looks like wood that has been left in the toaster too long, is in growing demand owing to the popularity of outdoor fireplaces. Pennsylvania has a well-organized and rapidly growing Christmas-tree industry. Trimmed Christmas trees are said to have been used first in this country during the American Revolution by Hessian soldiers to soften their homesickness. For most American families today, Christmas without a tree would be like Thanksgiving without a turkey. Well over a million Christmas trees are harvested each season from the Christmas-tree plantations of Pennsylvania. Indiana County is the leading center of the Christmas-tree growing area.

The time of the year is almost at hand when Penn's woods don their colorful fall fashions. The profusion of dazzling scarlet, brilliant yellow, rich purple, bright green, and all intermediate shades creates the impression that Nature spilled her paint pot. This is an annual spectacle that no one should ever pass by.

From a deficit to a surplus forest economy

Originally, Penn's woods were regarded as a nuisance. Forests everywhere were obstacles which the early settlers had to clear away for agricultural land. It was not long, however, until the value of our forests began to be appreciated. The lumber from Penn's woods was used to build homes, farms, factories, ships, tools, carriages, wagons, barrels, etc. Chestnut wood and bark from hemlocks and oaks were used in tanning leather. Until the middle of the 19th century, charcoal was the principal fuel used in smelting iron.

About the time of the Civil War, the railroads began to string little villages and big cities together. The railroads crept up the valleys in search of coal, the source of industrial energy. Oil brought the railroads into the Pennsylvania highlands. The expanding network of railroad lines assured rail shipment to the outside world where lumber was in ever-growing demand, and so the stage was set for the coming of the sawmills into the forests.

From 1860 to 1870, Pennsylvania—with an annual output of almost 2 billion board feet—was the leading lumber-producing state of the nation. The peak of production was reached in 1889, when the cut was nearly 2½ billion board feet. This was the period of rapid exploitation of a seemingly inexhaustible resource. By the last

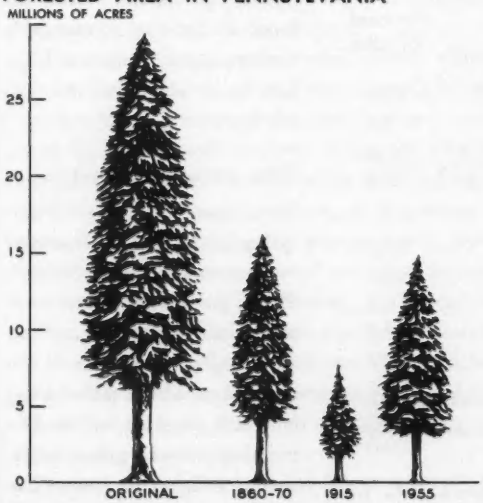
decade of the 19th century about all that was left of our virgin forests was a legend. Logging continued without any regard for future crops, and young trees that remained were scorched to death by slash fires that raged throughout the state.

There is no more desolate scene than forest land completely stripped of its trees by ax and fire. Fire consumes not only the standing timber, it destroys the very foundation of the forest. Humus and soil, if not burned out, are washed out by rain or blown away by wind.

For many years, preventable fires devastated vast acreages of Pennsylvania's forests. In the years immediately prior to 1923, forest and brush lands in excess of a quarter-million acres were burned each year. The highest loss recorded during that period was 386,000 acres in 1913; the lowest was 126,626 acres in 1919.

Efforts to control forest fires in Pennsylvania by state and local agencies were begun at the turn of the present century. The first really effective steps, however, toward an adequate fire-control program came in 1915 when the State Fire Warden System was established. In 1920 the Department of Forests and Waters sent members of its staff into the field on fire-control work, and in the same year large appropriations were made to set up the fire-tower system.

FORESTED AREA IN PENNSYLVANIA



Source: Pennsylvania Forests, Spring Issue, 1956

As a result of complete statewide detection coverage and organized control effort, forest-fire losses have been reduced substantially. In the early thirties, more than 3,500 fires broke out every year and burned over 100,000 acres annually. Now only one-third as many fires destroy only one-third as much acreage. Heroic efforts are being made to reduce the annual loss by fire to 15/100ths of 1 per cent, or 22,690 acres, of the forest land in the Commonwealth. In 1956, forest fires were held to 7,000 acres. Insects and diseases are now greater devastators of our forests than fire.

Because of better fire protection and improved forest-management practices, Pennsylvania's forest resources are no longer wasting away but are growing day by day. According to the recently released U. S. Forest Service report, "Timber Resources for America's Future," the gross annual timber growth in Pennsylvania is more than twice the annual drain. Timber growth of all kinds of timber is reported to be 442 million cubic feet, compared to a total drain of 216 million cubic feet consisting of timber cut for use and losses through fire, insects, and disease. Net new sawtimber growth is put at 750 million board feet, and the annual harvest is about 428 million board feet.

In Pennsylvania, only 17 per cent of the yearly growth of pulpwood-size trees is being used; in sawtimber, only 58 per cent is being utilized. This means that—as far as availability of timber is concerned—Pennsylvania could almost double

its lumber-producing industry and could easily double and redouble its pulpwood industry without dipping into its capital.

In his study entitled "Pennsylvania's Forest Potential," Allen F. Horn, Jr., says: "If all of the annual surplus allowable cut were utilized by pulp and paper industries, approximately twenty-three mills of 100,000 cords per year capacity could locate in the State. Ten to twenty additional mills might be a more realistic figure in view of the present water requirements. Numerous particle board and charcoal installations could also be supported, the exact number depending mainly upon market conditions. At present there is also a sufficient timber supply to sustain fifteen to twenty additional sawmills of small to medium size, with the possibility of greatly increasing the number of mills as pole stands grow to sawtimber size and forest management is intensified."

There is abundant evidence of the ability of Pennsylvania forests to grow a crop of trees each year if properly harvested and adequately protected from fire, insects, and disease. Credit for this achievement should be given to the forest industries, Government agencies, foresters, and land owners who have changed Penn's woods from a deficit to a surplus economy.

Although Penn's woods are at long last on a healthy basis where we are adding to rather than drawing down our capital stock in trees, and although we are adding to our stock of standing timber at a faster rate in Pennsylvania than the national rate, there is plenty of opportunity for further improvement. The forests of Pennsylvania are by no means in perfect condition, and there are over a million acres of private land in the Commonwealth that should be planted in forest trees. This is land that is worn out or too poor for farming or otherwise idle.

Pennsylvania's forest potential is much greater than its current production. How to improve the Commonwealth's timber output depends in large part upon who owns the timber land.

OWNERSHIP OF PENNSYLVANIA FORESTS

Owners	Acres	Per cent of total
Private		
Farmers	3,423,500	22.5
Wood-using industries	442,000	2.9
Others	7,866,703	51.8
Total private	11,732,203	77.2
Government		
State forests	1,857,447	12.2
State game lands	920,000	6.2
Other state lands	28,550	0.2
National forests	456,500	3.0
Other federal lands	37,700	0.2
County and community forests	156,200	1.0
Total government	3,456,397	22.8
Total all owners	15,188,600	100.0

Source: ***Pennsylvania Forest Facts,*** 1956 edition, published by Pennsylvania Forest Industries Committee, Harrisburg, Pa., in cooperation with American Forest Products Industries, Inc.

Who owns the forests?

More than one-fifth of Pennsylvania's forest land is owned by government. The state is the largest single government owner, with over 2¾ million acres—about one-sixth of the total. Most of the state-owned land is in the state forests. The remainder is in game lands, parks, and other areas. The Federal Government owns al-

most a half-million acres, mostly in the Allegheny National Forest.

Over three-fourths of the forest land in Pennsylvania is privately owned. Farmers own almost 3½ million acres, or more than one-fifth of the total. The state's wood-using industries — pulp and paper companies, lumber companies, and other processing plants—own less than 3 per cent of the forest land. Over half of the forest land is owned by private individuals other than farmers.

Ownership and management

Most of the 2.9 per cent of the Commonwealth's forest acreage owned by the wood-using industries is well managed. A wood-using industry engages in good forest management because it pays to do so. After a company has invested millions of dollars in plant, equipment, machinery, and stumpage, it is naturally to the company's own best interests to manage its forest land so that it will yield an indefinite supply of timber. The stand of timber is capital, the annual growth is interest. Sustained yield forestry is to husband the capital and live off the interest.

The national and state-owned forests which account for 22.8 per cent of Pennsylvania's forest acreage are well managed because they are managed by professional foresters. It has not always been so. There was a time when the trees in Pennsylvania were either Democratic or Republican, depending upon which party was in power. Fortunately, the administration of our state forests has been put under Civil Service by Executive Order, so that our forests are now administered by foresters instead of politicians. It would be well to have the Executive Order strengthened by legislation to keep our forest administration in the hands of foresters.

Almost three-fourths of the forest acreage in Pennsylvania are owned by individuals. Within this group is a multitude of owners with small holdings. There are 277,000 forest owners in the state whose holdings average less than 100 acres each. Together, this large group of small owners of small wood lots owns 6½ million acres of forest land. Generally, this is poorly managed forest land. Forestry is usually a sideline for small owners; they often live too far away and lack the time, skill, and equipment needed to conduct forestry operations.

In managing a forest the major goal is usually the maximum production of wood. But that is not all. Broad-gauge management includes conservation of water, protection of wildlife, and provision for recreation. These four objectives are indispensable in a well-balanced conservation program.

To get the most wood out of the forest in the long run, the proper number of trees of the right kind and right size must be kept growing throughout the entire forest. Over-mature, deformed, and defective trees are removed to make room for vigorous, sound, and fast-growing trees of desirable species. While the forest is being built up to this optimum condition, the amount of wood harvested will be less than the growth. Cutting will be regulated in such a way that a desirable stock of high-quality trees of the desired species is ultimately attained and then maintained. Thereafter the greatest possible amount of valuable timber will grow continuously for harvesting. With proper systems of periodic partial harvesting, a forest will perpetuate itself and planting is unnecessary.

Selective cutting

Good forest management requires that some trees be cut from the forest at periodic intervals. Selective cutting opens the high canopy and allows light to enter the forest floor, thus stimulat-

ing seedling reproduction, sprout growth, and growth of shrubs and ground-cover plants along with the trees that remain.

Continuous partial cutting at periodic intervals should bring about the maximum yield of usable water from the watershed. The spongy layer of humus and leaves on the forest floor first absorbs precipitation and then slowly releases clear, pure water to the streams and prevents harmful erosion. A forested watershed is like a deep-piled rug that traps and retards the raindrops, making them "walk" instead of running downhill. Furthermore, the removal of mature or undesirable trees every ten or fifteen years breaks open the high canopy and allows more water to reach the ground. Mature trees drink enormous quantities of water from the soil, which is then evaporated to the atmosphere. Thus the removal of the larger trees results in a higher percentage of precipitation that ultimately reaches the underground water table and subsequently is released to the streams and reservoirs during periods of little rainfall.

Pennsylvania woodlands provide natural homes for many kinds of wildlife—deer, bear, squirrels, valuable fur-bearing animals like the fox, racoon, opossum, weasel, mink, and otter and beaver; also game birds like the wild turkey, grouse, woodcock, quail, and pheasant. Moreover, the thousands of miles of streams flowing through our woodlands are a natural habitat for fish. Fish and other wildlife provide the incentive for more than a million licensed sportsmen annually to seek food, furs, and recreation in our fields and woods. Picnickers, hikers, naturalists, and Nature lovers in general derive much pleasure from the abundance of forest wildlife.

Wild woodland creatures need favorable surroundings in which to live, to find their food and shelter, to breed, and to evade their enemies. Ample variety of food and cover is therefore essential. Wildlife species require an assortment of berries, nuts, seeds, herbage, buds, and browse at all seasons of the year. They also want flexibility of cover, including good winter protection, occasional dense coverts for escape, and places suitable for nesting, resting, and roosting.

Continuous periodic cutting provides additional sunlight and room for the remaining trees to expand their crowns so that the crop-bearing trees can yield bountiful supplies of nuts and other fruits needed to insure a greater wildlife population. Moreover, the same cuttings which stimulate the crown development of crop trees will help the lower vegetation—the shrubs, herbs, brambles, vines, and succulent sprouts so necessary to wildlife. Thinnings increase the available browse for deer and rabbits.

The recreational values of our forests are invaluable. The park facilities of Pennsylvania are now being used by 11 million people annually. They are used for bathing, boating, swimming, hunting, fishing, skiing, picnicking, and other forms of recreation. The re-creation opportunities afforded by our forests are of inestimable value and can be appreciated only by those who have gone into the woods to see for themselves. Forests and recreation areas are particularly needed around the big cities, like Philadelphia and Pittsburgh, where people are so heavily hemmed in that they have very little opportunity to enjoy Nature.

The four major objectives of good forest management—the production of the greatest possible sustained supply of timber products, the protection of the watersheds from erosion and obtaining from them the maximum yields of usable water, the harvesting of timber in such a way that an adequate supply of food and cover is produced for wildlife, and the development and

preservation of recreational values—are compatible in a unified program of good forest management.

Tree farming

At least 429 exceptions have to be made to the statement that the small privately owned wood lots are generally poorly managed, because 429 by the latest count is the number of "tree farms" in Pennsylvania. The tree farm is a privately owned forest land operated for financial profit from forest products, just as a farmer manages farm land for agricultural crops. The owner of a tree farm manages his forest land not only to produce continuous forest crops but also to conserve the resources of Nature necessary for continuity. The owner of a tree farm has his wood lot and farm-management methods appraised periodically by a professional forester affiliated with the American Tree Farm System.

The tree farm program in Pennsylvania had a modest beginning in 1947 with the Department of Forests and Waters and the Pennsylvania Forestry Association acting as sponsors. Steady growth has followed the small beginning and now the more than 400 Pennsylvania tree farms embrace 250,000 acres of well-managed forest land. The crop-producing, money-making tree farm program is effective and living demonstration of both private and social gains contained in changing forest cutting operations from timber mining to timber farming.

There is still much additional acreage of land in Pennsylvania that might be put profitably to tree farms. Tree crops do not spoil. Trees can be hoarded awaiting a good time for marketing, unlike corn or any other agricultural crop that must be harvested when ripe and sent to market lest carrying charges eat up the value. A tree crop grows in value as it grows in size. Furthermore, growing timber helps to preserve soil from wind and water erosion.

THIRD DISTRICT BANKING

As a service industry, banking tends to reflect economic change. And change there has been! The topping off of a three-year expansion in business last summer was followed by a moderate recession in activity and this, in turn, by indications of a possible upturn.

Over the twelve months ended at mid-year, the demand for credit, especially by business concerns, weakened. And with easier reserve positions, due mainly to System purchases of securities and reductions in the percentages of reserves to be maintained against deposits, banks sought outlets for surplus funds. In the Third Federal Reserve District these changes were more manifest at reserve city banks, with head offices in Philadelphia, than at the "country" banks elsewhere in the District.

Changes in the principal statement items of member banks in this District are given below for the years ended June 25, 1958 and June 26, 1957:

(Millions $)	Years ended June 1957	Years ended June 1958
Deposits, total	+199	+508
Earning assets, total	+187	+452
Loans	+184	+ 2
U.S. Gov't securities	— 10	+271
Other securities	+ 13	+179

There was the usual decline in deposits early in 1958, but an unusually sharp increase thereafter. At mid-year the total was $8,650 million,

up $1/2 billion from the level a year earlier—a much sharper gain than in the preceding year. Nearly three-fourths of this increase, in which both reserve city and country banks participated, was in time balances. Data for the reserve city banks suggest that the increase in time deposits was distributed over several ownership classes—State and local governments, individuals, corporations, etc.

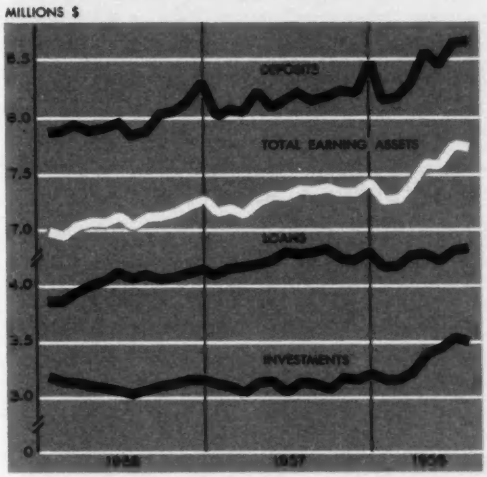
Expansion in earning assets of the member banks, also approximating $1/2 billion in the year, was concentrated in investment portfolios, with virtually no over-all increase in loans.

Steadiness in aggregate loans of banks in this District over the period from June 1957 to June 1958 contrasted with increases, at times sizable, in other recent years. Continuing expansion in the country bank sector provided an offset to a reduction at reserve city banks. Business loans and consumer loans declined at the reserve city banks; the only material increase was in loans to purchase or carry securities. At the country banks, however, there were increases in all major classifications.

Investments turned sharply upward in the first six months of 1958, a period when loan demand was slower and available funds were increasing. The increase of $450 million o[ver] the year ended in June was mainly at reserve city banks. Purchases of Federal Government obligations were largest, but substantial amounts of State and local government securities and corporate issues also were acquired.

Owing in part to reductions in reserve requirements by the Board of Governors of the Federal Reserve System, reserve positions of member banks in June were distinctly easier than they were a year earlier. In this District, excess reserves averaged $39 million in June 1958 as against $26 million a year earlier. With average

MEMBER BANKS—
THIRD FEDERAL RESERVE DISTRICT



borrowings from the Reserve Bank down from $114 million to $6 million, the member banks had free reserves of $33 million. In June 1957 net borrowed reserves of $87 million were reported. This shift reflected mainly changes at reserve city banks, as country banks in total consistently have had a moderate amount of free reserves.

Earnings and profits

Member banks in the Third District show $63 million of net current earnings (gross earnings less current expenses) in the first half of 1958, down slightly from a year earlier. Heavier income tax payments widened the gap, nevertheless net profits available for distribution moved up to $40 million from $27 million. Changes in noncurrent adjustments explain this increase. Recoveries and profits on sales of securities were sharply greater than in the first half of 1957, while losses, charge-offs, and transfers to reserves were smaller.

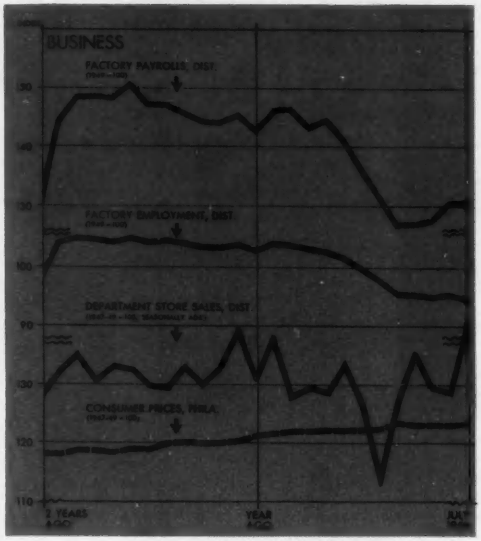
Both gross earnings and current expenses increased. With larger income from all major sources, gross earnings increased by $8.8 million to $183.4 million. Additions to investment portfolios pushed up income on securities at both reserve city and country banks. Income on loans also increased, as a result of gains at country banks which more than compensated for a decline at reserve city institutions.

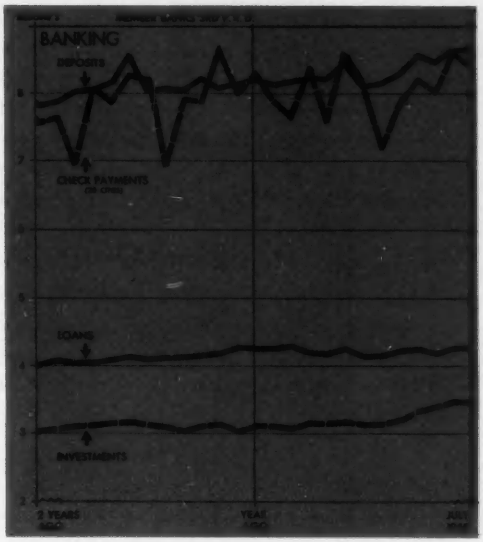
Percentagewise as well as in dollars, current expenses increased more than gross earnings. Details for reserve city institutions indicate that the over-all increase was due largely to greater outlays for salaries and wages and interest on time deposits.

MEMBER BANKS Third Fed. Res. District (Millions $)	First half 1958*	Change from a year ago**
Earnings:		
On securities	$ 42.5	+$ 4.5
On loans	112.7	+ 2.9
Other earnings	28.2	+ 1.4
Total earnings	$183.4	+$ 8.8
Current expenses	120.3	+ 9.6
Net current earnings	$ 63.1	−$ .8
Recoveries, profits on securities, and transfers from reserves	$ 20.3	+$17.9
Losses, charge-offs, and transfers to reserves	13.1	− 3.5
Taxes on income	29.8	+ 7.5
Net profits	$ 40.5	+$13.1
Cash dividends declared	17.9	+ .9

* Preliminary tabulation
** Adjusted for mergers, etc.

FOR THE RECORD...





SUMMARY	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	July 1958 from		7 mos. 1958 from year ago	July 1958 from		7 mos. 1958 from year ago
	mo. ago	year ago		mo. ago	year ago	
OUTPUT						
Manufacturing production	0	−10	−13	− 5	− 7	−10
Construction contracts	−15	−10	− 8	− 6	+24	+ 3
Coal mining	−34	−29	−26	−37	−29	−22
EMPLOYMENT AND INCOME						
Factory employment (Total)	− 1	− 7	− 7	0	− 9	− 9
Factory wage income	0	− 8	−10	....	....	....
TRADE*						
Department store sales	+10	+ 7	− 3	+ 5	+ 1	− 3
Department store stocks	− 2	0	....	0	− 5	....
BANKING (All member banks)						
Deposits	0	+ 5	+ 4	− 1	+ 6	+ 5
Loans	0	+ 1	+ 1	− 2	+ 1	+ 2
Investments	− 1	+12	+ 7	− 1	+17	+11
U.S. Govt. securities	0	+ 9	+ 4	− 1	+17	+10
Other	− 3	+21	+16	− 1	+19	+15
Check payments	− 2†	+ 2†	+ 1†	− 6	+ 3	+ 4
PRICES						
Wholesale	....	....	....	0	+ 1	+ 2
Consumer	0‡	+ 2‡	+ 2‡	0	+ 3	+ 3

*Adjusted for seasonal variation. †20 Cities ‡Philadelphia

LOCAL CHANGES	Factory*				Department Store				Check Payments	
	Employment		Payrolls		Sales		Stocks			
	Per cent change July 1958 from		Per cent change July 1958 from		Per cent change July 1958 from		Per cent change July 1958 from		Per cent change July 1958 from	
	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago
Lehigh Valley	− 2	− 7	+ 1	− 5	....	....	....	....	− 2	+11
Harrisburg	− 2	−12	− 1	−17	....	....	....	....	− 1	0
Lancaster	+ 2	− 4	+ 5	+ 1	−11	+24	− 3	+ 8	− 2	+ 1
Philadelphia	0	− 8	+ 1	− 6	−17	+ 8	− 7	− 1	− 4	+ 2
Reading	+ 1	− 6	+ 1	− 8	−13	+ 5	− 5	− 1	+ 1	+ 2
Scranton	− 1	−10	0	− 8	−14	+15	− 2	− 2	− 6	− 4
Trenton	− 1	−13	+ 2	− 8	−24	+ 1	− 9	+ 6	+37	+34
Wilkes-Barre	− 2	− 5	− 1	−10	− 9	+ 4	− 5	− 4	+ 5	+ 5
Wilmington	− 1	− 9	− 1	−11	−11	+12	+ 2	+ 6	− 8	+11
York	− 2	− 5	− 6	− 3	−12	+ 8	+ 3	+ 5	+11	+ 4

*Not restricted to corporate limits of cities but covers areas of one or more counties.